

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON EDUCATION**

**Call to Order:** By **CHAIRMAN GAY ANN MASOLO**, on January 26, 2001  
at 3:00 P.M., in Room 137B Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Gay Ann Masolo, Chairman (R)  
Rep. Kathleen Galvin-Halcro, Vice Chairman (D)  
Rep. Bob Lawson, Vice Chairman (R)  
Rep. Joan Andersen (R)  
Rep. Norma Bixby (D)  
Rep. Gary Branae (D)  
Rep. Nancy Fritz (D)  
Rep. Verdell Jackson (R)  
Rep. Hal Jacobson (D)  
Rep. Larry Lehman (R)  
Rep. Jeff Mangan (D)  
Rep. Joe McKenney (R)  
Rep. John Musgrove (D)  
Rep. Alan Olson (R)  
Rep. Ken Peterson (R)  
Rep. Butch Waddill (R)  
Rep. Allan Walters (R)  
Rep. Merlin Wolery (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Connie Erickson, Legislative Branch  
Nina Roatch, Committee Secretary

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: HB 65, 1/15/2001; HB 232,  
1/15/2001  
Executive Action: None

HEARING ON HB 65

**Sponsor:** REPRESENTATIVE BOB LAWSON, HD 80, Whitefish

**Proponents:** Linda Jadelson, MSU-Bozeman  
Yogi Lynne Khalsa, MSU-Bozeman  
Bill Cooper, OPI  
Walt Oldendorf, Western Montana College  
Dennis Haverlandt, GFEA/GFPS  
Joyce A. Scott, OCHE  
Bruce Dunkle, BPE  
Dave Severson, Missoula Education Association  
Patty Muir, Laurel Public Schools  
Sheri Postma, Missoula Public Schools  
Eric Burke, MEA-MFT

**Opponents:** None

**Opening Statement by Sponsor:**

**REPRESENTATIVE BOB LAWSON, HD 80, Whitefish,** stated **HB 65** is a bill to establish a mentoring grant program for first time or novice teachers. Please refer to the bill, line fourteen through twenty two.

"Whereas, according to the analysis of data from a 5-year federal study known as "Baccalaureate and Beyond", which was reported in "Education Week", January 13, 2000, one out of five new classroom teachers leave the teaching profession after 3 years and

Where as, new teachers who scored the highest on the SAT or ACT exam and who did not participate in a mentoring or induction program were twice as likely to leave the profession; and

Where as, Montana schools are facing extraordinary difficulty in employing and keeping qualified teachers to educate Montana's children in almost all curricular areas; and

Whereas, teacher mentoring or induction programs in other states have demonstrated success in significantly reducing the attrition rate of beginning teachers, while enhancing teacher quality."

Originally **HB 65** was in Governor Racicot's budget but because of the economic picture in Montana it has been deleted. It is still being worked on with Governor Martz and others.

**Proponents' Testimony:**

**Eric Burke, MEA-MFT**, said this bill is very important to teachers in Montana in that it gets to the heart of what teachers really are. They are people in the classroom who teach others, but also as professionals they like to help each other to be successful. Unfortunately, in Montana and throughout this country we are losing some of our best and brightest teachers to other careers. The cause is not just salaries, they are also becoming burned out. New teachers are asked to teach multiple courses, manage extracurricular activities, learn, develop, and deliver curriculum and adapt to the specific needs of their students, most times all by themselves and in their own classrooms. Sink or swim is how new teachers operate in Montana. Is it any wonder that Montana loses 20% of its new teachers in their first three years of teaching and we lose nearly half of them by the end of five years, when we place them in a sink or swim environment? The good news is, we do know how to solve the problem. Teacher mentoring has been highlighted the last few years as the most effective mechanism for enhancing new teacher retention in schools. According to a Montana principal, who said it best, "Mentoring is the single best thing we can do for a beginning teacher." With the preponderance of evidence about the success of mentoring being so great, Governor Racicot's task force on teacher shortage, teacher's salaries, immediately agreed when they came together last spring, that teacher mentoring had to be part of their recommendations to mitigate Montana's teacher shortage problem. In the Baccalaureate and Beyond study, they found that teachers who have gone through the mentoring processes are more than twice as likely to remain in teaching than those who don't. This data, alone, is grounds to accept

**HB 65.**

**Yogi Khalsa, Systemic Teacher Excellence Project, Bozeman** said she was present to encourage the committee to support a mentoring program in the state. Only a teacher understands what a teacher does. A teacher's day begins when she gets up at 5:30 am to begin refining lesson plans, grade papers and/or make copies for the school day. She has up to six different classes to prepare for and time for preparation is rarely available during the school day. After school, students need additional help so the teacher must prepare in the evening, usually to a late hour. Coaching or sponsoring students usually takes up evenings, and week-ends too, are spent in preparation and grading. Our beginning teacher faces an enormous responsibility. A new teacher finds herself in

a new room, teaching twenty-five students, six different times everyday. Imagine closing the door of the classroom and not actively inter-acting with another teacher, administrator, or adult the remainder of day, week, or even month. When a teacher is paired with a teacher who has experience, a mentor teacher, the experience changes. With support and encouragement a new teacher learns how to handle the workload, how to better teach her subject area and how to be an effective teacher. The STEP program has helped numerous teachers. She has witnessed this program being successful. Mentoring support keeps a teacher teaching and students learning.

**Linda Adelson, STEP Evaluator, MSU-Bozeman,** said in today's schools we are increasing efforts to grow strong professional cultures in teacher mentoring programs. Research shows that the mentoring program helps teachers develop common purposes, cope with uncertainty and complexity, and respond to rapid change. Mentoring and induction programs are having significant implications in the state for initial education and ongoing professional learning. Mentoring programs are having an impact in areas where teachers must learn to teach in ways they have not been taught. Mentoring is seen as a continuous process grappling with conflict and evolving issues. Mentoring opportunities is a state responsibility and institutional obligation. It is the means for our teachers to work with and learn from teaching colleagues. Teaching must be framed by the standard of practice of what good teachers should know, as well as what qualities and dispositions they should possess and display to care for and connect with their students. More and more, teacher mentoring programs are becoming prevalent throughout our nation. Much research has been done on the mentoring program. We know there is a time for mentoring and the time is now for our early teachers. Teachers are entering the field of teaching at the time when the future of teaching is at stake. The STEP program at MSU has provided mentoring to 240 new teachers since 1995 and has trained 80 mentor teachers. It is considered a national model program in this area and they have given presentations at national conferences. In the STEP annual evaluation report to the National Science Foundation data on the high retention rate of new teachers in the STEP program under scores the significance of mentoring to retain early career teachers in Montana schools. Educators around the state encourage the members of the Education Committee to pass and fund this bill.

**Walt Oldendore, Dean of Education, Western Montana College of the University of Montana,** said there are a number of reasons why there is a shortage of teachers in Montana. Salary deficiencies is one reason. There is only so much hiking, hunting, and fishing that a person can do to make up for the dollars. There are a number of our young teachers who are very talented who need

incentives to stay here. Salaries are definitely on that list. The recruiters from other states are saying they will provide some very good conditions for a new teacher. A beginning teacher can expect some very strong support. **Dean Oldendore** has gone to the out of state schools and seen that the schools are providing that support and that is important to our young people who are teaching away from home. The study of the affects of mentoring programs in Montana schools came out of Western Montana College in 1995.

**Dennis Haverlandt, GFEA/GFPS**, said that two years ago the GFEA and the Great Falls schools cooperatively set out to establish a mentor program for new teachers. The assistant superintendent and the proponent sat down and worked on a program for the district. There wasn't any need to invent the wheel. There are many successful programs that are utilized outside of Montana. The school system eventually adopted one that suited their needs in Great Falls. It was a program put together in Montana called The Single Best Thing. The school system had 41 teachers in the program who were teaching K-5. They paid stipends to both the mentors and mentees. They trained the mentors in basics of being a mentor which involves much trust building. They were trained in observation techniques and how to conduct pre and post observational conferences with their protege. The program was monitored throughout the year and they conducted a survey of all the participants at the conclusion of the school year. One hundred percent of the mentors and the proteges insisted that the program needed to continue the next year. The mentoring program was continued this year and mentors were hired for the new secondary teachers also. At present they are mentoring 100 new teachers in the Great Falls system this year. The immediate problem in Montana is how to attract new teachers to come to Montana. The state cannot offer them competitive salaries but it can offer the professional development that a professional mentoring brings. It costs money. In Great Falls, between the stipends and the training involved in the program, they spent \$500 per team of mentor and protege. **HB 65** gives the same opportunities to other school districts in Montana. A cost of \$280,000 a year is small when you consider the benefits derived. First you have beginning teachers developing better teaching practices earlier in their careers. Second, you have students who benefit from those improved teaching skills. There are indications that standardized test scores of students in the classrooms with mentored teachers are higher than those of students who were in the room with teachers not mentored. Third, you have a teaching force that is more stable and less mobile reducing the need to recruit large numbers of new teachers every year. He strongly urged that the committee give **HB 65** a do pass.

**Bruce Dunkle, Board of Public Education**, said he was a classroom teacher of eleven years. His mentoring lasted two hours. He referred to the study *The Single Best Thing*, where it says that 91% of mentored teachers stay with teaching, whereas, only 73% of non-mentored teachers stay with the profession.

**Joyce A. Scott, OCHE**, said the bill lends support where most needed. It takes a competitive approach in awarding of grants and then provides for accountability, not only for the school districts, but in the process for the teachers who are so engaged. **OCHE** extends its support for the bill.

**Bill Cooper, OPI**, said OPI was involved in the study been the beginning. They included it in their budget and rise in support of the program.

**Dave Severson, Missoula Education Association**, said in Missoula they are convinced they need the mentoring program. Looking at the list of teachers in the system, two hundred of them could easily retire this year. It is going to be very important to have a mentoring program in the future.

**Patty Muir, Laurel Public Schools**, said she is a proud participant in the STEP program. She is depressed about the number of teachers coming and going in the system. Her workload is becoming greater because lack of recruitment and retention of teachers. She is doing everything in her power to help teachers coming into the system. There are a lot of larger districts that have their own program, but smaller districts have a hard time putting together a mentoring program. She is thankful for STEP. Last year she mentored three faces across Montana. She never saw their faces until mid-January. All the mentoring was done on a met-net system of networking. Programs are needed for districts that cannot afford them financially. She is asking for programs that can be set up for those districts to use. Thank goodness there are teachers out there who will do this mentoring.

**Bob Vogel, MSBA**, presented sent written testimony to the hearing. **EXHIBIT**(edh21a01)

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

**REPRESENTATIVE JACOBSON** requested that someone give him a description of the mentoring program. **Linda Adelson, Yogi Khalsa** and **Dennis Haverlandt** came to the podium. The STEP program is highly successful. Proteges are mandated to be part of the program in Great Falls and the mentors are volunteers. The

stipends are small. The money is not the object. Developing professionals in the field of teaching is what is important. They utilize the handbook from Western and adapted their own time lines. In the fall proteges are required to observe their mentors in the classrooms. Mentors are trained in what to look for in the beginning teacher's abilities and trained how to address his progress. At the end of the school year, they have a survey filled out by the beginning teacher to help them make the program as successful as possible. In the STEP program, mentoring has been going on since 1995. They pair teachers who have something in common, subject matter, grade level, etc. They have them sign up for met-net. They have one or two workshops a year. Teachers are given a survival kit for information. The Great Falls program includes discussion groups. Teachers get together with fellow teachers in the same teaching area and grade level with a discussion leader. They get together on a regular basis. They have a good brainstorming session.

**REPRESENTATIVE MANGAN** had a question for the **SPONSOR** which was deferred to **Erik Burke**. How many mentoring programs will this fiscal note fund? **Mr. Burke** said the proposal was based on an Idaho program. The cost is about \$500 per teacher, so that would lead to about 50 districts. He could not say how many districts would receive the grant. A larger district might need more money and a smaller district less. **REPRESENTATIVE MANGAN** asked if we were looking at about 500 teachers in the program. **Mr. Burke** said that was correct. **REPRESENTATIVE MANGAN** asked how many new teachers started in the state last year or how many do you expect to start next year? **Mr. Burke** said they anticipate 400 or 500 new teachers every year in the state of Montana. **REPRESENTATIVE MANGAN** asked **REPRESENTATIVE LAWSON** why there was a need for this to be competitive, if the bill allows enough money to mentor all the new teachers? **Mr Burke** answered. The bill planners wanted to give OPI enough money to cover spiraling costs. In Montana we have a distance problem. They weren't sure how many districts could be covered, depending on how the grants are written and the partnership aspect. They weren't sure how grants would be written to overcome the distance areas.

**REPRESENTATIVE MANGAN** had a question for **Mr. Cooper**. If there are four to five hundred new teachers a year and we have enough money to mentor five hundred of them, do you think it is possible to get enough money for every teacher without going through this competitive process? **Mr. Cooper** said he is not sure there would be an increase in the fiscal note if they tried to reach every teacher. This bill comes from the educational community and it emphasizes that it is a decision for the local district, whether to become involved in this program. If you went down a road where you sent out \$500 to every district that had a new teacher,

he wasn't sure there would be a program, much less a high quality program. **REPRESENTATIVE MANGAN** said he would imagine that every district that wanted the program would get it and that OPI would be keeping a watchful eye on each program. **Mr. Cooper** said he would agree with him. It would be OPI's intent and responsibility to see that a school district that wants to be part of this program and follow the guidelines will get it. OPI would use some of the people heard today to help form the rules and guidelines. Depending on whether it is still competitive, they will bring people in from the field who have had practical experience to help OPI make the judgements where the money is going to be best spent.

**REPRESENTATIVE MANGAN** had a question for **REPRESENTATIVE LAWSON**. You introduced this bill at the request of the governor, so why didn't they include this in the executive budget? **REPRESENTATIVE LAWSON** said to keep in mind that governors change and the fiscal nature of the state changes. It was in Governor Racicot's budget but it is no longer in Governor Martz's budget. His goal now is to work with this process. As he reads the bill, he is not sure it is restricted to first year teachers. In some of the testimonies, they talked about first, second, third and fourth year teachers. There could be more latitude in working with teachers and they need not just be first year teachers.

**REPRESENTATIVE MUSGROVE** had a question for **Dean Oldendore**. What role do you see Western playing in this mentor program? **Dean Oldendore** said he sees mentorship as part of a serious process which is evolving between K-12 and higher education in which teacher education becomes a collaborative enterprise of K-12 and higher education. The university system begins early on by having our students have extensive field experience. By the time the students are to do student teaching, they are ready for their task. They still have that transition to being in your own classroom. Western will be involved.

**REPRESENTATIVE ANDERSEN** had a question for **Linda Adelson**. You said you supported 240 teachers. What was the time frame for these teachers? **Linda Adelson** said it was started in 1995 through 2000. **REPRESENTATIVE ANDERSEN** asked if this is an ongoing program? **Linda Adelson** said the grant is in its last year. They had a conference in January and there is enough funding in this extension to the grant to fund the early career program until January of next year. They are looking at the fact that a year from now there will not be funds for the program through the STEP project. **REPRESENTATIVE ANDERSEN** asked, are all of your teachers first year teachers, or are some teachers mentored for more than one year? **Linda Adelson** said teachers can be in the program for up to four years.



**REPRESENTATIVE PETERSON** had a question for the **SPONSOR**. How are the mentors selected? The **SPONSOR** said he was assuming that to be a local decision. If one looks at page two of the bill you see "grants must be awarded based on a competitive process according to the rules adopted by OPI." He assumes that each school district is going to make that decision. The grant will be put through OPI but he would hope that many would participate in the district in deciding how the program will work.

**REPRESENTATIVE PETERSON** asked if the mentors would be teachers who had been in the business longer? The **SPONSOR** said that would be true. **REPRESENTATIVE PETERSON** asked if these mentors would be paid, does the money in the bill go to setting up the program? The **SPONSOR** said this would be up to the local district. He has heard that it needs to be a formal program and there is a need for stipends. The money could be used for release time, travel, consultants, as the district wishes to set the program up.

**REPRESENTATIVE GALVIN-HALCRO** asked **Yogi Khalsa** if she had any idea of approximately how many teachers are coming out of Bozeman in December and May? **Yogi Khalsa** said there were about 300 teachers coming out of Montana State University each year. The **REPRESENTATIVE** then had a question for **Dave Severson**. She asked if Missoula had about 200 teachers ready to retire this year? **Mr. Severson** said yes. The **REPRESENTATIVE** then had a question for **Dennis Haverlandt**. In Great Falls, approximately how many teachers have retired as of semester time last week and how many are eligible to retire in June? **Mr. Haverlandt** said that, as of today, there are nine people who have announced their retirement in June. The numbers are in the 200 to 250 teachers who are eligible to retire under the current system. There are forty to fifty every year and last year we had sixty- eight teachers retire.

**REPRESENTATIVE JACKSON** asked **Dr. Scott** if this mentoring course is one for which college credit can be given? **Dr. Scott** said some of our campuses do afford a training course in mentoring that is awarded credit. The training is before and the credit is awarded after the teacher has completed mentoring the student teacher. The **REPRESENTATIVE** asked her if she knew whether any members of the university system are offering the course through video? **Dr. Scott** said the course she mentioned is available through interactive video and she believes there are other courses available also. She would check on the programs available and send the information back to the committee.

**REPRESENTATIVE LEHMAN** had a question for **Linda Adelson**. How many teachers are leaving the profession? **Mr. Adelson** said that one

out of five teachers leave the teaching profession in the first three years. Statistics show that those students who perform the highest on the SAT and ACT tests are among those teachers. Retaining those teachers has been a real problem nationwide and in Montana. **REPRESENTATIVE LEHMAN** wanted to clarify that the people actually leave the teaching profession. **Mr. Adelson** said that was true. **Eric Burke** offered the statistic, in 1994 a study was done that suggests that after five years, 50% of the teachers leave the profession.

The **CHAIR** had a question for **Patty Muir**. Are you a mentor and if you are, when do you find the time? **Ms. Muir** said, yes, she is and finding the time is a commodity. She is connected to the program at school and at home. She can answer questions from new teachers rapidly. They have phone networking also. The **CHAIR** asked if she mentors anyone in her own school? **Ms. Muir** said, no, but they can outreach to people across the state.

{Tape : 1; Side : B}

There have been situations where the mentor could work with people in their building.

**Closing by Sponsor:**

**REPRESENTATIVE LAWSON** addressed the fact that the committee could vote for policies but they are not involved in the funding approval. Although the more than \$250,000 for this program was included in the governor's budget a few months ago, the economics of Montana are changing all the time. Because it is no longer in the budget is not detrimental to anybody or anything, it is because of the priorities that must be established. This committee is a policy making committee and it will worry about the money in executive action. He feels positive about it being removed from the budget, because it was for good reasons. He remembers his first teaching job in Helena High School. The day he reported to work, it was survival. There are numerous successful program around where people are trying to help each other and get rid of fear and frustrations. **HB 65** is a good bill, it needs to be supported.

**HEARING ON HB 232**

**Sponsor:** **REPRESENTATIVE BOB LAWSON, HD 80, Whitefish**

**Proponents:** **Tom Bilodeau, MEA-MFT**  
**Bob Vogel, MSBA**

**Opponents: Lynda Brannon, MASBO**

**Opening Statement by Sponsor:**

**REPRESENTATIVE BOB LAWSON, HD 80, Whitefish**, the bill looks to people who are leaving the school system. This is an act to allow school districts to include all district personnel in a compensated absence liability fund. He brings the bill to the committee on behalf of **MSBA** and **MEA-MFT**. Nearly 2,000, or 15% of Montana's current K-12 teaching and administrative work force currently have twenty five years or more of teachers' retirement system service credit and are immediately eligible to retire under normal retirement provisions of law. An additional 500 teachers and administrators have more than twenty years of TRS credit of service and are approaching retirement within the next five years. The K-12 retirement wave that maybe expected, and is already underway, is unprecedented. Annual TRS retirements have steadily risen from a rather constant 300 or so per year in the 80's to nearly 600 last year. TRS projections anticipate that the increasing rate of retirement reflective of the baby boomers of educators first employed in the schools in the 1970's will continue to grow in the coming years. **HB 232** seeks to address the very real and illuminate termination and severance costs that will be experienced by schools during the coming retirement wave. The bill was initiated in behest of the Poulson School Board and the Education Association. It works from existing Montana law and is consistent with the counting of future benefit costs in the private sector. The Compensated Absent Liability Fund (CALF) has existed since 1981 and was adjusted by legislation in 1991 and 1995. The CALF currently allows the school district board to voluntarily decide that all or some portion of unspent general fund budget monies can be deposited into a CALF fund. Today monies in a CALF fund are used exclusively to pay the anticipated retirement or severance costs of classified school employees. These terminations or severance costs are mandated by statutes and most commonly include a 25% payoff of accumulated sick leave and, in rare instances, vacation days. **HB 232** expands the local school board's authority to make deposits into the CALF on behalf of all school employees, for example, the classified, the teaching and administrative staff. **HB 232** will treat all school employees alike. **HB 232** will allow districts to plan and effectively budget monies for known and legally mandated future expenses. As under current law, local school boards retain the authority to deposit unspent general fund budget monies into the CALF fund or to role these fund balances forward into succeeding years' general fund balance. All deposits into the CALF fund come from one source, the unspent general fund budget. All deposits into the CALF fund are limited to no more than 30% of the district's liability for sick leave accumulations and all

vacation day liabilities. CALF monies can only be spent for termination payments related to accumulated sick leave and for vacation days. There have been errors found in the criteria that the fiscal note was based on, he is waiting for a corrected note, which he will ask for by the time of executive action in the committee. The bill is good government and deserves support.

**Proponents' Testimony:**

**Tom Bilodeau, MEA-MFT**, said he is research director for his association. This is an important piece of legislation and brought to the committee because of actual experience in Polson, Great Falls and Billings. At the end of a career in the public schools, county government, state government and often in the private sector, employees often have some form of severance pay available to them, either payoff, if you will, for un-used sick leave, could be for vacation days or other leave days. Under state statute, state employees will have unlimited accumulation of sick leave days during the course of their career and at the time of termination those unlimited accumulated days will be paid off at 25% of the employee's final salary. At the state level there are also annual days that will be paid off to the individual at 100% at the individual's daily rate. It is different in the schools for teachers. Teachers are not covered by the salutatory provision dealing with the accumulation or payoff of accumulated leave days. All of that is solely subject to local bargaining between a local bargaining unit and the local school board or school district policy and practice.

**EXHIBIT (edh21a02)** There are a handful of school districts in the state that allow teachers to accumulate sick leave days on an unlimited basis. In most cases it is limited, in some cases dramatically limited. In no school district that he is aware of, does any teacher accrue a vacation days much less accumulate vacation days over the course of their career. There simply are no vacation days. When teachers retire, in most instances, what we are talking about in terms of severance pay is a distribution, a payoff of unused sick leave. He provided examples of two contracts in the area in the exhibits. They came from Clancy and Great Falls. The fund currently allows school districts to take money left unspent from the existing school budget general fund, and role those monies into the CALF fund on behalf of the anticipated severance cost of classified and administrative staff. Presently, the one group of school employees excluded are teachers. It is understood by the organizations supporting this bill that they are already riding the wave of what will be an extraordinary retirement wave over the next five years. In some districts high rates of retirement have already begun. What happens in school districts when you have this unusually large number of retirements is that the school district must make severance payments on accumulated leave. They can only do that

out of the general fund. They cannot draw monies from any other school fund. If the school district experiences an unanticipated or historically larger than typical retirement, their severance costs are going to be unusually high and they may not have available budget monies in their budget to make those severance payments. Those payments are contractual obligations. They are necessary to the individuals if they wish to make additional contributions to TRS in order to advantage their pension program. Their contributions have to be received prior to the date of retirement. Those monies must be paid and today school districts are coming close to not having the money. This bill allows school districts to use unspent monies at the end of the fiscal year from their general fund and roll them into CALF in anticipation of future severance costs. This legislation is a good government bill. It is an effective prudence money management and budgetary planning. It is consistent with the private practice as required under the Employee Retirement Income Security Act (ERISA). Many school districts do not put money into CALF even though they are allowed to do so. He believed with the expanded program offered in the bill, many school districts will not take advantage of it. It is unfortunate that they choose not to do it.

**Bob Vogel, MSBA**, submitted written testimony. **EXHIBIT (edh21a03)**

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

**REPRESENTATIVE JACKSON** had a question for the **SPONSOR**. At the end of the year do the unspent monies in the school district's general fund go back to the state? The **SPONSOR** referred the question to **Tom Bilodeau**. Unspent general fund monies can go a number of directions. There are two primary places they can go. First, they can go into the district's general fund reserve monies if the district has not already maxed out those reserves. Reserves up until the early 1990's were allowed to be as large as 35% of the school district's general fund budget. The limits have been trimmed down to 10% rather than the 35%. Those reserves are used to cover cash flow needs of the school district between July and November. The 10% is common and full in most school districts. Second, it can be re-appropriated into the following year's general fund budget. Effectively these monies become additional local monies used to fund the subsequent year's general fund budget. Those monies effectively reduce a school district's receipt of guaranteed tax base or aid because they make the school district look wealthier than is the case. They work to reduce GPT receipts. The third place it can go is into CALF. **REPRESENTATIVE JACKSON** had more questions. If the

district has reached that guaranteed base, does it basically lapse? In case number two, is it gone? **Tom Bilodeau** said in case two where the money can't be put in the reserves and it rolls into the next year's budget, when that happens you have typically one year reduction in the receipt of state guaranteed tax base aid, if your district is eligible for state GPT aid, and then the money is used up. It could happen again if you underspend your budget again and you continue to do so. It would keep rolling through and there are districts where that happens. In most cases, districts are spending most of their general fund budget. This bill only affects those districts that have something left at the end of the school year. **REPRESENTATIVE JACKSON** asked if he was familiar with another method schools might be using where, as an incentive for teachers not to take sick leave, they give them a bonus at the end of the year? Is that done by any schools in Montana? **Tom Bilodeau** said he was not familiar with any schools that pay a bonus for non-use of sick leave. There are schools in the state, which by contract, pay off on an annual basis accumulated leave days once you have reached a certain number, rather than chopping the teacher off or further accrual. **REPRESENTATIVE JACKSON** continued. It seems strange to him that doing that would not be legal. One hundred and eighty days at the end of a teacher's career, is a pretty large item for the district. **Tom Bilodeau** said that most schools do not allow that great a number to accrue. Part of the reason to allow them to accrue to 180 days is to allow the individual to have enough income replacement to get them through a long disability or illness prior to the time the long term disability insurance might kick in or retirement TRS might kick in. Many individuals are out of work for a period of six months or more. If the individual has long term disability insurance, that is usually because he purchased it on the market. Regardless, there is usually a six month, 90 day, or longer waiting period before that even kicks in. Their attempt is to have as many days possible in accumulated sick leave to bridge that, so the person has income until the time alternative income can come in place. **REPRESENTATIVE JACKSON** asked him to explain why sick leave is budgeted, on a local basis, and there would be a fiscal note needed at the state level. He asked him to explain why there would be an impact at the state level. **Tom Bilodeau** said two things are going on. First, a district over the past twenty years has established a rate of retirement that they know how much they have to spend. That is changing because of the demographics of the teaching and administrative staff in the schools. It is changing rapidly and dramatically. There is an anticipated large increase in annual severance costs being experienced recently. That occurs during a time when many school district budgets are capped and their ANB is falling along with their budget. Those districts are experiencing greater severance

costs than previously experienced and they have no immediate way to put more money into their budget to cover it. The second part of what is going on is, districts historically have not put money away for future retirement severance liabilities. That's where practice for the state of Montana and school districts is different from the private sector covered by ERISA. Under ERISA businesses were forced to put money aside for pension and retirement severance and other future liability costs of the current work force. They were forced to put that money away. Teachers are not covered by ERISA. That practice of anticipating those future liabilities is a very good practice. This legislation is only going half the way. This is not mandating that school districts put anything away for these costs.

**REPRESENTATIVE JACKSON** said he still did not see a need for a fiscal note for the bill. **Tom Bilodeau** said right now those unspent monies are not put into reserves, but are rolled over into subsequent year's general fund budget, but lower the base. They will be part of what will be viewed as local distribution or local effort. There are a number of revenue sources that help feed these below the base locally regenerated revenues. These re-appropriated monies flow in below the base, help raise the base, and have the affect of raising the school district's property wealth per student variable, so that the district will receive less in the way of guaranteed tax base support to fill the remainder of the under base amount. If instead of these monies going the next year's budget, instead of re-appropriations taking place, and these monies or some portion of them go into CALF then the school district will not have them and they will appear to have a lesser revenue base and will need great GTB subsidy. That's where the state fiscal impact will come into the picture.

**REPRESENTATIVE LEHMAN** had a question for **Tom Bilodeau**. The law currently reads that all non-certified personnel are entitled to reimbursement for accumulated, unused sick leave and vacation time under state law. He wanted to know if that was correct.

**Tom Bilodeau** said in respect to employees in school, classified: Secretaries, bus drivers, cooks, etc., are covered by the state's salutatory provisions regarding leave and accumulation and pay off of leave and also annual leave, those individuals remain covered and have unlimited accumulation of sick leave days and have that future severance costs available to be paid out of CALF. Administrative staff, non-teaching staff, in schools also are allowed to have monies deposited into CALF to pay their termination costs. In most instances, that is limited to sick leave. There are some contracts for administrative staff that do include vacation days. The third group, the certified teaching staff, are not currently allowed to have money deposited into CALF to meet their termination cost and they are not in anyway

covered by statute. There are administrative staff covered by CALF but they are not covered by statute. **REPRESENTATIVE LEHMAN** continued, the purpose of this amendment to this bill is to allow school districts to include certified personnel, mainly teacher, in the CALF program and pay them if something is negotiated under sick leave. **Tom Biladeau** said that is correct.

**REPRESENTATIVE JACKSON** had a question for the **SPONSOR**. It was my understanding that the bill applies only to sick leave. The **SPONSOR** said that the statute currently covers sick leave and annual leave for administrative personnel and non-certified personnel. When it comes to the certified staff in the bill, he knows of no certified staff that gets vacation time.

**REPRESENTATIVE JACKSON** said that on line 26 and 27, we have struck out "non-teaching and administrative." By striking it out, would it apply to administrators? The **SPONSOR** said it would not extend those people who are getting a vacation. Vacation is there to take care of people who are classified and it is possible that some administrators are in there and they would be in the mix of sick leave and vacation leave.

**Closing by Sponsor:**

**REPRESENTATIVE LAWSON** said the fiscal impact did need questions. He would like a member of MEA-MFT to return when the fiscal note arrives. It is an equitable issue; it treats all employees alike; it allows the school district to effectively budget for known and legally mandated future expenses. This is a good bill. Again, we have a policy issue verses a money issue. There is no money for this bill in the budget. There never was money in a budget.



**ADJOURNMENT**

Adjournment: 5:08 P.M.

---

REP. GAY ANN MASOLO, Chairman

---

NINA ROATCH, Secretary

GM/NR

**EXHIBIT** (edh21aad)